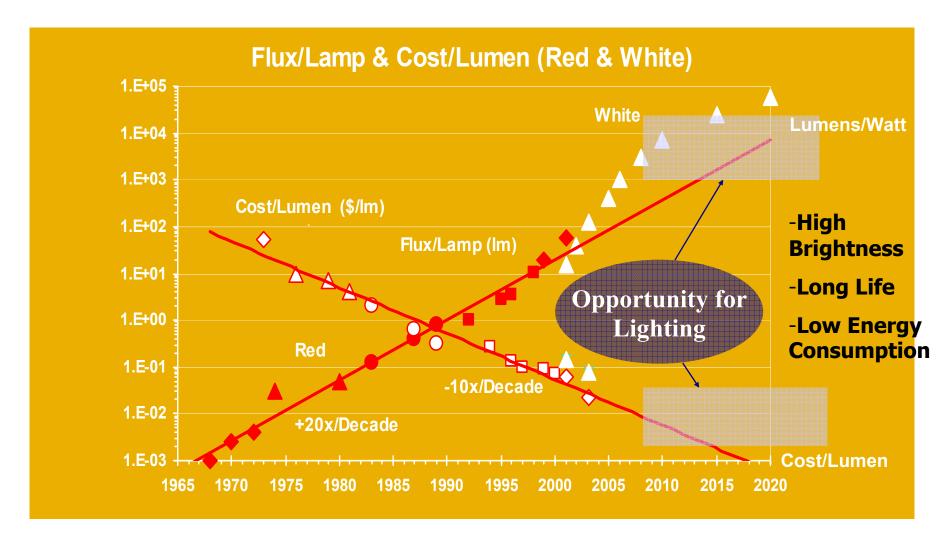
## Exhibit B-2

# HB LED FOR GENERAL ILLUMINATION...AT INCREASED BRIGHTNESS AND LOWER COST

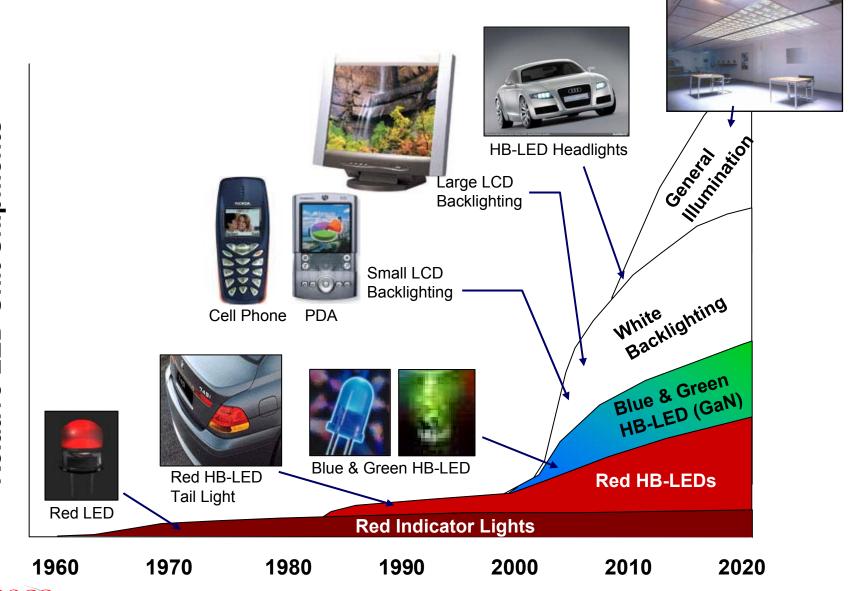


Source: R. Haitz, Strategies In Light 2004



### SOLID STATE LIGHTING GROWTH STORY

...opportunity for multi year 20% CG



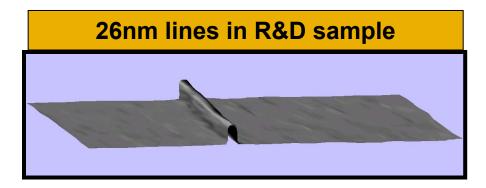
**SBC 090804-EHB** 

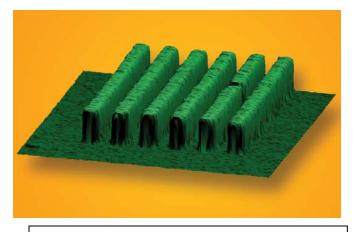
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# **VEECO'S SEMICONDUCTOR OPPORTUNITY:**SHRINKING DIMENSIONS REQUIRE 3D METROLOGY

- Veeco has the broadest line of 3D AFM non-destructive Metrology solutions
- Our goal is to be a step ahead of industry roadmap...90...65...45nm
- Top 10 semi device manufacturers have at least one AFM in line wafer fab
- We have launched new systems for specific applications in Etch, CMP, CD control, Photolithography









Veeco Dimension X3D and 65nm scan

## **SEMICONDUCTOR...**new AFM products increase Veeco's available market

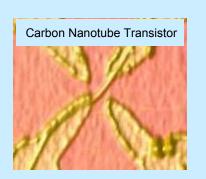
- Advances in Semiconductor process technology for deep etch, CMP, CD control, photo lithography and 300 mm wafer size continues... requires increased use of In Line Veeco AFM Metrology for 130, 90 and 65nm feature sizes
- Record Q2 Auto AFM orders of \$13.7M included 13 systems and (3) multiple system orders
- Top 10 Semiconductor Device manufacturers now have at least one Veeco AFM in failure analysis or in line wafer fab use...at 90 and 65 nm they will require 5-10 per fab...\$250M to \$300M opportunity over next 4 years
- First half Semiconductor orders of \$32.3 up 70% vs '03 revenue of \$28.8 up 31% vs '03



# VEECO'S SCIENTIFIC RESEARCH OPPORTUNITY: MULTI-DISCIPLINARY RESEARCH TOOLS

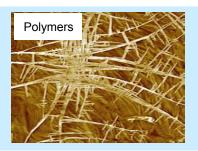
#### Nanotechnology

- Nano Metrology
- Nano Manipulation

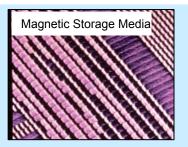


#### Materials Research

- Semiconductor
- Future Data Storage
- Polymers

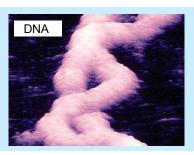


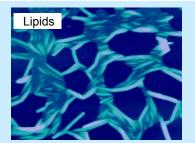


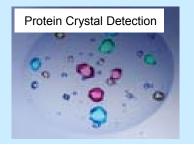


#### Life Sciences

- Living Cells
- DNA
- Proteomics

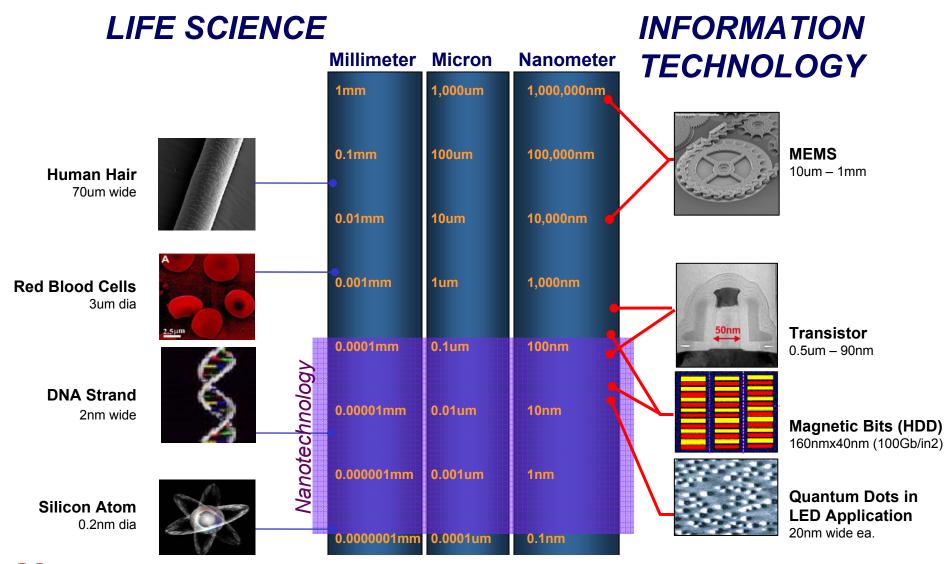








### THE NANOTECHNOLOGY SUB 100nm DOMAIN

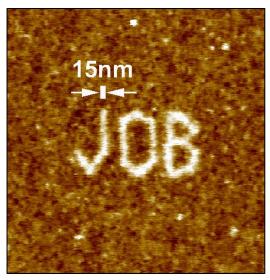




# VEECO'S SCIENTIFIC RESEARCH OPPORTUNITY: AFMS ARE RESEARCH INDUSTRY STANDARD

- Veeco's high resolution Atomic Force Microscopes (AFM) and new Scanning Probe Microscopes (SPM) have become the "industry standards" for atomic imaging and molecular measurements – "picks and shovels" of nanoscience
- Largest installed base: 7,000 tools
- Worldwide support and applications centers including high-growth regions such as China
- We have a unique "breadth of line" in nanoscience tools...we were the pioneer and our goal is to remain the innovator
- First half orders \$48M flat revenue \$56M up 2%







Veeco's NanoMan - No Job Too Small



## Solutions for a nanoscale world.



### FINANCIAL HIGHLIGHTS

Jack Rein EVP and CFO

### **VEECO Q2 '04...**

\$M +40% +189% +95% \$9.3 \$124.7 \$102.9 \$73.4 \$64.0 \$3.2 Q2 2004 Q2 2003 Q2 2004 Q2 2003 Q2 2004 Q2 2003 EBITA\* Revenue **Bookings GM** down 0.5 points to 44.1%

**SBC 090804-EHB** 

Note: Book to Bill is 1.21 to 1

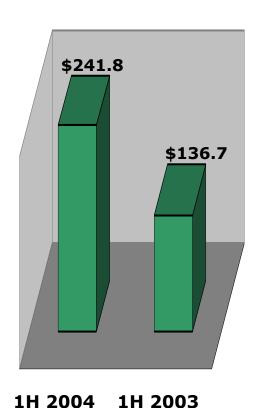
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### **VEECO 1H '04...**

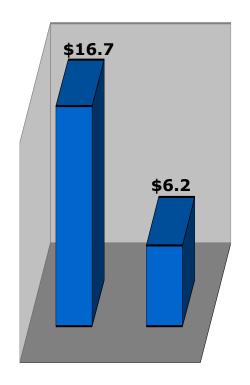
\$M +77%







\$139.2



Bookings

**1H 2004 1H 2003** Revenue

**1H 2004 1H 2003** EBITA\*

**GM** down 2.1 points to 43.9%

Note: Book to Bill is 1.23 to 1



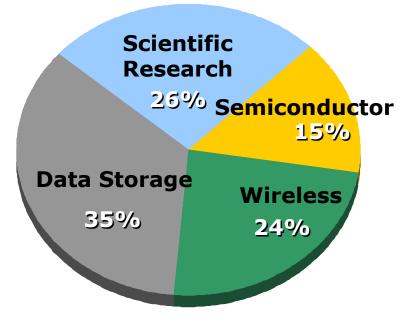
# MANAGEMENT HIGHLIGHTS...orders up 95%, revenue up 40%, EBITA up 189%

Revenue \$102.9M, up 40% Y/Y, up 9% sequentially

•	Up 9% Sequentially	Data Storage Semiconductor	up 13% up 17%	\$35.5M 15.5
		Wireless	up 19%	24.6
		Scientific Research	down 6%	27.3
				\$102.9M

- Up 40% Y/Y
- 5% Above Guidance \$103M vs \$98M guidance
- Strongest Performance in 10 Quarters

**Benefit of Market Diversity** 





### **MANAGEMENT HIGHLIGHTS**

Bookings \$124.7M up 95% Y/Y; up 7% sequentially

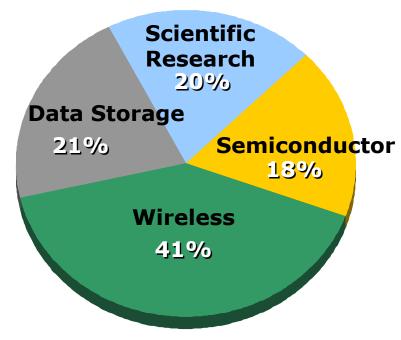
Data Stor
Wireless

Data Storage down 41% \$26.4M
Wireless up 31% \$51.1M
Semiconductor up 121% \$22.3M
Scientific Research up 8% \$24.9M
\$124.7M

In line with guidance (\$120M to \$125M range)

- Book/Bill 1.21 to 1
- Strongest order performance in 14 quarters
- Backlog increased to \$164M

Explosive Growth in HB LED & Semiconductor





### **Q204 FINANCIAL HIGHLIGHTS**

- EBITA \$9.3M; up 189% Y/Y, up 24% sequentially
  - GAAP EPS \$.05
  - EPS excluding amortization \$.15 (\$.01 above top of guidance range of .11 to .14)
  - Q2 Gross Margin 44.1% vs 43.7% Q104
  - Cash positive \$5.6M
  - A/R...reduced to 62 days (DSO's)
  - Inventory increased \$3.7M (build of SAB 104)
- Balance sheet remains strong... \$117M cash



## GROSS MARGIN MODEL (% of net sales)

	<u>1999</u>	<u>2000</u>	<u>2001</u>	2002	<u>2003</u>	<u>Q104</u>	<u>Q204</u>	Target Model
Metrology	56%	54%	52%	55%	53%	53%	55%	57%
Process Equipment	43%	40%	41%	32%	39%	37%	36.4%	44%
Total Gross Margin	47%	46%	45%	44%	46%	44%	44.1%	49%



## **OPERATING MODEL** (% of net sales)

	<u>1999</u>	2000	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>Q104</u>	<u>Q204</u>	<u>Target</u> <u>Model</u>
Net Sales	100%	100%	100%	100%	100%	100%	100%	100%
Gross Margin	47%	46%	45%	44%	46%	44%	44%	49%
SG&A	20%	20%	19%	26%	24%	21%	21%	17%
R&D	13%	14%	13%	18%	17%	15%	14%	14%
EBITA	14%	12%	13%	0%	5%	8%	9%	18%



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### Q3 2004 GUIDANCE (provided on July 26, 2004)

 Overall, we see continued revenue growth for Veeco in the September quarter and through the remainder of 2004. Strong backlog enables initial look at Q4 as follows:

#### • Q3:

- Orders in range of \$125-130 million
- Revenues in the range of \$105-110 million
- EPS excluding amortization in the range of \$0.15 per share to \$0.18 per share
- GAAP EPS \$0.01 to \$0.04 per share

#### Q4:

- Revenues in the range of \$115-125 million
- EPS excluding amortization in the range of \$0.29-\$0.34 per share
- GAAP EPS \$0.20 to \$0.25 per share



## STRONG VEECO BALANCE SHEET

(\$ IN MILLIONS)

(\$\psi \cdot	June 30, 2004	Dec. 31, 2003
Cash and Investments	\$ 117.4	\$106.8
Working Capital	274.6	257.5
Fixed Assets	73.5	72.7
Total Assets	626.8	596.5
Long-Term Debt	229.8	230.0
Shareholders' Equity	\$ 309.7	\$ 306.3



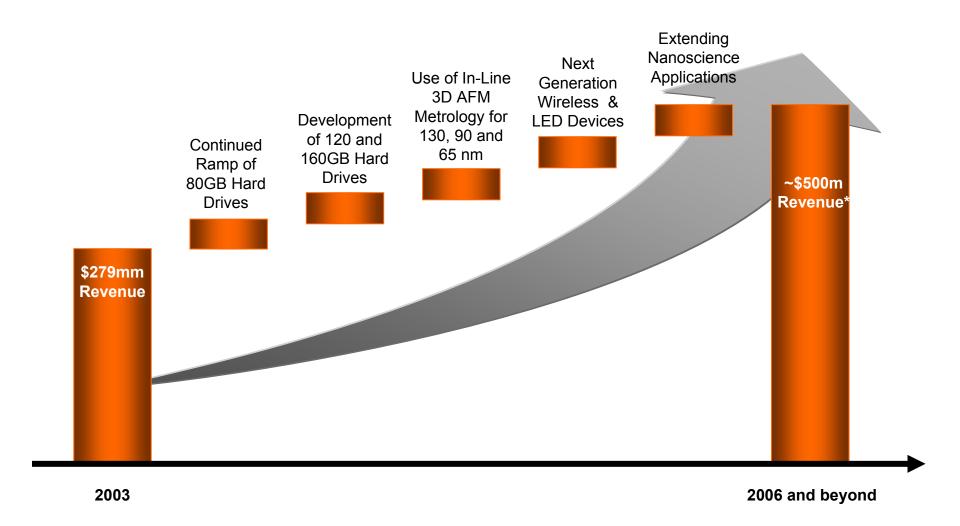
### **RECAP: VEECO INVESTMENT HIGHLIGHTS**

- Veeco is at the convergence of wireless, digital consumer electronics
- Core products serve critical technology needs at world-class technology and research customers
- Enabling solutions address common challenges across multiple endmarkets
- Stability and growth through diversity
- Niche leadership positions across all end-markets
- Comprehensive, integrated solutions for strategic markets
- Critical mass, distinctive technology and size and scope of a world class organization
- Strong financial results and growth prospects



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# ATTRACTIVE UPSIDE FROM NEW OPPORTUNITIES WITHIN OUR REACH





#### SAFE HARBOR STATEMENT

• To the extent that this presentation discusses expectations about market condition, market acceptance and future sales of Veeco's products, Veeco's future financial performance, or otherwise makes statements about the future, such statements are forward-looking and are subject to a number of risks and uncertainties that could cause actual results to differ materially from the statements made. These factors include the challenges of continuing weakness in end market conditions and the cyclical nature of the telecommunications/wireless, data storage, semiconductor and research markets, risks associated with integrating acquired businesses and the acceptance of new products by individual customers and by the marketplace and other factors discussed in the Business Description and Management's Discussion and Analysis sections of Veeco's Annual Report on Form 10-K, subsequent Quarterly Reports on Form 10-Q and current reports on Form 8-K.



SBC 090804-EHB 44

#### Veeco Instruments Inc. Reconciliation of Operating Income (Loss) "GAAP Basis" to EBITA

	ADJUSTMENTS									
	Operating Income (loss) "GAAP basis"	Amortization expense	Asset Impairment charges	Inventory write offs	Merger and restructuring expenses	Write-off of deferred charges	Purchase accounting adjustments	Write-off of purchased in- process technology	cl	Earnings cluding certain narges before interest and ncome taxes ("EBITA")
FOR THE YEARS ENDING										
2004 (1)	\$ 23,169	\$ 18,250	\$	\$	\$	\$	\$ 1,498	\$	\$	42,917
2003	(9,325)	13,800			5,403		1,664	1,500		13,042
2002	(137,895)	13,323	99,663	15,000	11,248					1,339
2001	20,325	9,469	3,418	13,547	3,046			8,200		58,005
2000	7,138	3,736	3,722	15,322	14,206					44,124
1999	39,709	479			2,600			2,474		45,262
1998	21,837	389			7,500	675				30,401
1997	38,994	276			2,250			4,200		45,720
1996	37,900	200								38,100
1995	24,200	200								24,400
1994	8,000	300								8,300
FOR THE	QUARTERS ENDING	à								
Jun-04	4,696	4,575								9,271
Mar-04	1,071	4,896					1,498			7,465
Dec-03	(6,025)	4,237			2,142		1,664	1,500		3,518
Sep-03	(1,757)	3,262			1,804					3,309
Jun-03	(739)	3,159			789					3,209
Mar-03	(804)	3,142			668					3,006

(1) Consensus analyst forecast as of August 17, 2004



## Veeco Instruments Inc. Reconciliation of Gross Margin and Operating Profit/EBITA Percentages

						chase		Adjusted Gross		
	Davianius	Cost of Sales	Gross Profit	Gross Profit Inventory Percentage offs		unting	Adjusted Gross Profit	Profit Percentage	Operating Income (Loss)	Operating Income
_	Revenues	Cost or sales	GIOSS FIOIR	Percentage offs	adjus	tments	Front	rercentage	Operating Income (Loss)	(Loss) Percentage
FOR THE YEARS ENDING										
2003	\$ 279,321	\$ 152,307	\$ 127,014	45.5% \$	\$	1,664	\$ 128,678	46.1%	\$ (9,325)	-3.3%
2002	298,885	183,042	115,843	38.8% 15,0	000		130,843	43.8%	(137,895)	-46.1%
2001	449,251	260,148	189,103	42.1% 13,	547		202,650	45.1%	20,325	4.5%
2000	376,113	219,578	156,535	41.6% 15,	322		171,857	45.7%	7,138	1.9%
1999	312,446	164,783	147,663	47.3%			147,663	47.3%	39,709	12.7%
	0.2,	101,100	,	11.070			,		55,,55	12.170
FOR THE QU	ARTERS EN	IDING								
Jun-04	102,884	57,541	45,343	44.1%			45,343	44.1%	4,696	4.6%
Mar-04	94,487	54,649	39,838	42.2%		1,498	41,336	43.7%	1,071	1.1%
Dec-03	76,949	44,234	32,715	42.5%		1,664	34,379	44.7%	(6,025)	-7.8%
Sep-03	63,144	32,845	30,299	48.0%			30,299	48.0%	(1,757)	-2.8%
Jun-03	73,449	40,655	32,794	44.6%			32,794	44.6%	(739)	-1.0%
Mar-03	65,779	34,573	31,206	47.4%			31,206	47.4%	(804)	-1.2%



## Veeco Instruments Inc. Reconciliation of operating income (loss) to earnings excluding certain charges (In thousands, except per share data) (Unaudited)

	Veeco G	uidance	Veeco A	Veeco Actuals			
		Three months ended September 30, 2004 High Low		hs ended 30, <sub>2003</sub>			
Operating income (loss)	\$6,346	\$4,938	\$4,696	(\$739)			
Adjustments:							
Amortization expense	4,400	4,400	4,575	3,159			
Restructuring expense				789			
Earnings excluding certain charges before interest, income taxes and amortization ("EBITA")	10,746	9,338	9,271	3,209			
Interest expense, net	2,300	2,300	2,239	1,886			
Earnings excluding certain charges before income taxes	8,446	7,038	7,032	1,323			
Income tax provision at 35%	2,956	2,463	2,461	463			
Earnings excluding certain charges	\$5,490	\$4,575	\$4,571	\$860			
Earnings excluding certain charges perdiluted share	\$0.18	\$0.15	\$0.15	\$0.03			
Diluted weighted average shares outstanding	30,500	30,500	30,177	29,480			

NOTE - The above reconciliation is intended to present Veeco's operating results, excluding certain charges and providing income taxes at a 35% statutory rate. This reconciliation is not in accordance with, or an alternative method for, generally accepted accounting principles in the United States, and may be different from similar measures presented by other companies. Management of the Company evaluates performance of its business units based on EBITA, which is the primary indicator used by management to plan and forecast future periods. The presentation of this financial measure facilitates meaningful comparison with prior periods, as management of the Company believes EBITA reports baseline performance and thus provides useful information.

